

Wealth Markets and Commerce

Finance - Economics

WALL STREET OFFICE:
Mills Building, 15 Wall St.Telephone
Hanover 6514

As scheduled, the Stock Exchange yesterday "disciplined" those who are responsible for the gyrations of General Motors. It was very mild "discipline" and quite ineffective, except, perhaps, as far as it may serve to hang a red light on the stock so that those who trade in it may know they are flirting with danger. The stock was removed from the list of the Exchange clearing house, which means simply that direct deliveries will have to be made on all transactions. That will inconvenience no one, inasmuch as transactions in this stock are very light at present. The reason officially assigned for this action was that the stock is not widely enough distributed to warrant continuing it on the list of stocks cleared. Apparently the Exchange did not care to do more than administer this gentle reproof, which, incidentally, came not from the governors but from the Clearing House committee, acting independently. Some of the governors have, however, unofficially expressed disapproval of the handling of the stock, and officially they have made some inquiries. Recently, it is understood, the leader of the group which controls the stock appeared before the governors and was asked to explain why the issue continued to move so violently. No satisfactory explanation was forthcoming, however, the individual in question apparently having little fear of any action the board might take. So far it has taken none at all. It is an interesting situation. Instances of the kind are common enough on the curb, but rather unusual on the Stock Exchange. Perhaps General Motors is listed in the wrong place.

Domestic consumption of cotton has apparently reached and passed the maximum under present conditions, not because of lack of demand, but because of the inability of spinners to produce the goods. The number of active cotton spindles has been shrinking steadily during the last two or three months, mainly because the mills cannot keep their plants working at full capacity. The decline in the number of active spindles thus far has been small, but the fact that there has been a decline in the face of strenuous efforts to keep production up to the maximum would seem to indicate that the chances for increased domestic consumption of the staple are not promising.

Money and Credit

Call money was again scarce yesterday, and though the money pool once more found it necessary to put forth funds demands on it were not so large as on Wednesday and Thursday, when preparations for the final payment of the Liberty Loan were being made. Rates of call money were firm at 6 per cent on mixed collateral and 6 1/2 per cent on industrial collateral. Time money rates were the same and the situation remained unchanged.

Ruling rates for money yesterday, compared with a year ago, were as follows:

| Call money | Year ago | Percent |
|--------------------------|----------|---------|
| On mixed collateral | 6 | 3/4 |
| On industrial collateral | 6 1/2 | 2 |

Time money (mixed collateral):

| Days | Year ago | Percent |
|--------------------|----------|---------|
| Sixty days | 4 1/4 | 4 1/4 |
| Ninety days | 4 1/4 | 4 1/4 |
| Four months | 4 1/4 | 4 1/4 |
| Five to six months | 4 1/4 | 4 1/4 |

Commercial Paper.—Country institutions are fairly large buyers of commercial paper. The rate is firm at 6 per cent for the best regular maturities.

Bank Acceptances.—Owing to the firm money market the demand for bank acceptances is somewhat lighter. Rates yesterday were as follows:

| Spot delivery | Thirty days | Sixty days | Ninety days |
|---------------------|-------------|------------|-------------|
| Eligible member | 4 1/4 | 4 1/4 | 4 1/4 |
| Eligible non-member | 4 1/4 | 4 1/4 | 4 1/4 |
| Ineligible | 5 1/4 | 5 1/4 | 5 1/4 |

For delivery within thirty days:

| Eligible member banks | Percent |
|---------------------------|---------|
| Eligible member banks | 4 1/4 |
| Eligible non-member banks | 4 1/4 |
| Ineligible bank bills | 5 1/4 |

Discount Rates.—The following table gives the current rates of the twelve Federal Reserve banks on commercial paper on all periods up to ninety days:

| Bank | Rate |
|---------------|-------|
| Boston | 4 1/4 |
| New York | 4 1/4 |
| Philadelphia | 4 1/4 |
| Cleveland | 4 1/4 |
| Richmond | 4 1/4 |
| Atlanta | 4 1/4 |
| Chicago | 4 1/4 |
| St. Louis | 4 1/4 |
| Minneapolis | 4 1/4 |
| Kansas City | 4 1/4 |
| Dallas | 4 1/4 |
| San Francisco | 4 1/4 |

New York and other cities were as follows:

| Exchanges | Balances |
|--------------|---------------|
| New York | \$582,463,150 |
| Boston | \$6,596,801 |
| Chicago | \$2,392,963 |
| Philadelphia | \$2,449,141 |
| St. Louis | \$3,028,771 |

Sub-Treasury.—The banks lost \$92,000 from the sub-treasury yesterday.

Silver.—Bar silver in London was 48 1/2, unchanged; New York, 99 1/2, unchanged; Mexican dollars, 77 1/2, unchanged.

Weekly Bank Clearings.—Bank clearings this week at the principal cities in the United States amounted to \$3,200,430,045, a decrease of 1 per cent, according to "Dun's Review." The loss is understood to be wholly due to the smaller exchanges at New York, which show a decrease of 13.3 per cent compared with the same week a year ago. Average daily bank exchanges for two years are as follows:

| 1918 | 1917 |
|----------------|---------------|
| August | \$373,831,000 |
| July | \$437,497,000 |
| June | \$51,834,000 |
| May | \$42,078,000 |
| April | \$73,208,000 |
| First Quarter | \$87,236,000 |
| Second Quarter | \$82,355,000 |

London Money Rates.—LONDON, Aug. 16.—Money was unchanged at 2 per cent. Discount rates were: Short bills and three-month bills 17-17 1/2 per cent. Gold premium at Lisbon remained at 130.

Bank of France Statement.—PARIS, Aug. 16.—The statement of the Bank of France shows the following totals and changes in francs:

| Gold | Silver | Currency | Reserves |
|----------------|------------|---------------|------------|
| 5,433,917,000 | 753,000 | 313,107,000 | 10,778,000 |
| 28,674,150,000 | 68,556,000 | 3,222,849,000 | 10,778,000 |
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The Dollar in Foreign Exchange

Quiet conditions prevailed yesterday in the foreign exchange market. France, which has been gaining steadily during the last week, were a trifle easier, and sterling rates were steady. Dutch and Spanish exchange hardened and the other European neutrals remained weak.

Closing rates yesterday compared with a week ago, follow:

| Quoted dollars to the pound | Week ago |
|-----------------------------|----------|
| Sterling, demand | 4.7595 |
| Sterling, sixty days | 4.7272 |
| Sterling, cables | 4.7660 |
| Sterling, ninety days | 4.7174 |

(Quoted cents to the dollar)

| Franks, checks | 5.6836 |
|---------------------|--------|
| Franks, cables | 5.6478 |
| Franks, demand | 5.6500 |
| Franks, sixty days | 5.6478 |
| Franks, ninety days | 5.6478 |
| Swiss, checks | 4.0112 |
| Swiss, cables | 3.9912 |
| Swiss, demand | 3.9912 |
| Swiss, sixty days | 3.9912 |
| Swiss, ninety days | 3.9912 |

(Quoted cents to the unit)

| Gulden, checks | 52 |
|----------------------|--------|
| Gulden, cables | 52 1/2 |
| Rubles, cables | 13.00 |
| Rubles, demand | 13.00 |
| Rubles, sixty days | 13.00 |
| Rubles, ninety days | 13.00 |
| Denmark, checks | 31.30 |
| Denmark, cables | 31.30 |
| Denmark, demand | 31.30 |
| Denmark, sixty days | 31.30 |
| Denmark, ninety days | 31.30 |

The above rates express the cost of foreign money in terms of the American dollar. You buy an English pound sterling at, say, \$4.7595. The intrinsic parity is \$4.86 per pound. Thus you say either that pounds are at a discount or that dollars are at a premium, which is owing to the fact that in England the demand for dollars is greater than the demand in this country for pounds with which to settle accounts in England.

Japan Rate for 1919

Shipments of Cotton

American Product To Be Steamship Carried at \$2.15 Per 100 Pounds

It was stated recently by the "Japan Chronicle" that Japanese cotton merchants, the Nippon Yusen, Osaka Shosen and the Toyo Kisen Kaisha, have agreed to fix the freight for the shipment of next season's American cotton at \$2.15 per 100 pounds. At this freight the report of the Liverpool Shipping Bank for 1917. This institution was founded and has been operated solely for promoting thrift among working classes. Its report for last year shows that for the first time in its history its funds amount to nearly \$20,000,000. Deposits in 1917 surpassed all records. Apart from sums lodged with it for investments the bank received \$5,000,000. It has 150,000 depositors.

British Workman Thrifty

That the British workman is not squandering his high wages is indicated by the report of the Liverpool Savings Bank for 1917. This institution was founded and has been operated solely for promoting thrift among working classes. Its report for last year shows that for the first time in its history its funds amount to nearly \$20,000,000. Deposits in 1917 surpassed all records. Apart from sums lodged with it for investments the bank received \$5,000,000. It has 150,000 depositors.

Coal Production Increased

Russian Millions May Succumb to Famine or Disease

R. Martens Thinks It Is Too Late to Render Winter Aid

As a result of delays in formulating an Allied programme for the economic rehabilitation of Russia the lives of 5,000,000 men, women and children in the distressed Slavic country may be lost during the next winter, in the opinion of R. Martens, of R. Martens & Co., who has recently returned from Russia.

"It is now too late," Mr. Martens told a representative of The Tribune yesterday afternoon, "to use the three northern trade routes to Russia and Vladivostok remains the only entrance for the shipment of goods in time for the winter. Until the Archangel, Ob and Yenisei routes are opened again next spring the stream of the prime necessities of life, without which Russia may perish, can probably flow no further west than Lake Baikal, and the overwhelming bulk of the population lives west of the lake."

"Famine, pestilence and disease are certain to come and cut off thousands upon thousands of those Russians least able to resist the terrible conditions. The Russians lack food, and therefore their constitutions are weakened. They have virtually no medicines and preventive serums of all kinds are lacking. Before the war Germany supplied Russia with medicine; until Russia withdrew from the war the Allies did so, but since that time none has reached the country."

Industrial Production Stagnant

"Moreover, inasmuch as industrial production has fallen to less than 10 per cent of normal and because practically no goods have been shipped into Russia from foreign countries, the people will have to wear old and inadequate clothing. It will in many cases not only fail to protect them from the rigors of the Russian winter, but will also be filled with microbes, against which preventive measures cannot be taken because of the dearth of medical supplies. Even soap is lacking, and sanitary conditions are likely to be very poor."

"Northern Russia until recently depended to a large extent on Siberia for its food supply, but now the transportation system has broken down completely and political conditions are so uncertain that that source of edibles has been absolutely cut off. Siberia normally produces 47,000,000 tons of grain, and during the war the year's crop is excellent. In Russia, however, data that I have received indicates that the grain now under cultivation is only 22 per cent of normal."

Russia Needs Many Tools

"Russia, 85 per cent of whose people live on the soil, is, as we seem to forget, still exceedingly primitive in her methods of agriculture and is dependent almost wholly on small tools which wear out every three or four years. Before the war Germany supplied these tools, and during the war Russia received relatively few of them, and now the old tools are worn out. Unless Russia is to stagnate she must have new elementary tools. When she has the tools she can begin to work again and the process of recovery will be set in motion."

"Russia needs at once blacksmith tools, iron bars, knives and joiners' tools. She requires many other things, but these simple needs are paramount. People who talk about reconstructing Russia's industries forget that she is essentially agricultural, and overlook the fact that something must be done at once to prevent the people from starving and dying of pestilence. When the peasants are enabled to resume production the folk in the towns will be taken care of later, especially after the avenues to the coal fields are again unhampered."

"The time to have acted to help Russia in a large way was in the spring. Now the best that can be done will be inadequate and insufficient. We are now powerless to help millions of millions from untold distress, misery and, in many cases, death. It is not too late, however, to make a start."

"People have talked much about giving the government the full clip of the mohair is to be requisitioned. It is expected that the manufacturers will have representation in the future on the valuations committees."

Supply of Civilian Fabrics Will Last a Year

BOSTON, Aug. 16.—"The Commercial Bulletin" to-morrow will say: "The domestic wool situation is unchanged, except for the announcement of the government that the full clip of the mohair is to be requisitioned. It is expected that the manufacturers will have representation in the future on the valuations committees."

Production

Unfilled U. S. Steel orders, tons..... 8,883,801

Pig iron (daily average), tons..... 110,354

Wheat crop, bushels..... 1,423,000

Oat crop, bushels..... 1,587,286,000

Corn crop, bushels..... 2,898,000,000

Cotton, bales..... 13,619,000

Distribution

Gross railroad earnings..... \$1,131,000,000

Bank clearings..... \$1,131,000,000

General

Active cotton spindles..... 33,674,896

Commercial failures (Dun's):

Number..... 786

Liabilities..... \$9,789,572

Building permits (Bradstreet's) (137 cities)..... \$38,837,542

Relevant Comment

Liberty Loan Payments Lag

No figures were made public at the Federal Reserve Bank yesterday showing the amount of payments on the final 40 per cent instalment of the third Liberty Loan. It was stated, however, that up to the close of business Wednesday the total received was \$34,875,906, of which \$31,238,019 was in the form of cash, and \$3,637,886 represented checks. The sum due on this payment is approximately \$73,810,088, which includes the accrued interest. Of the 607 Reserve banks in this district only 236 had reported, leaving 371 still to be heard from.

Land Bank to Double Stock

After being organized about a year, the First Joint Stock Land Bank, of Chicago, the first to form in Illinois under the Federal farm loan act, has voted to double its capital. The stock is to be increased to \$500,000 from \$250,000. This was made necessary by the provision in the farm loan act that joint stock land banks may issue bonds to the extent of only fifteen times their capital stock.

Swift & Co. Unite Foreign Properties

Chicago advises yesterday announced that the South American and Australian properties of Swift & Co. have been organized into one concern, incorporated in Argentina with a capital of \$22,500,000, Argentine gold. The new company is known as the Compania Internacional Limitada Company. Swift shareholders may exchange 15 per cent of their holdings for an equivalent amount of international stock at par. The latter is divided into 1,500,000 shares of preferred, par value \$15 each. Stockholders of record on August 30 may participate in the reorganization of the foreign properties.

Will Strengthen Parent Company

Louis F. Swift said that the company he heads will be materially strengthened by the formation of the Compania Internacional Limitada Company. "It is exchanging," he said, "\$22,500,000 of stocks in foreign subsidiaries for an equal amount of stock of Swift & Co., a quick asset which has a ready market in the United States and can be sold if needed for requirements of business. In the meantime dividend obligations are lessened \$2,000,000." The shares of the new company, it was said, will not be listed on any exchange.

Output of Porphyries Drops

Production figures of the porphyry copper companies for July show, without exception, a decline not only from the preceding month, but from the corresponding period a year ago as well. Utah's output last month was 16,021,766 pounds, contrasted with 18,600,000 pounds in June and 18,127,154 pounds in July, 1917. Chino produced 5,310,396 pounds of copper in July, 1918, against 5,700,000 in June and 7,343,767 pounds in July a year ago. The production of Ray Consolidated last month totalled 7,300,000 pounds, contrasted with 7,736,559 pounds in June and 8,300,017 in July, 1917. The Nevada Consolidated turned out 6,400,000 pounds, against 7,250,000 in June and 7,253,337 last year.

Final Brazil Railway Meeting

The last of a series of four meetings of the bondholders of the Brazil Railway Company was held in London yesterday to ratify the composition agreement by which, it was said at the local office of the company, the receivership will be ended this autumn. Although a report of yesterday's meeting had not yet been received, it is believed that the bondholders took favorable action, as no strong opposition was anticipated. A meeting of the stockholders of the company probably will be held during the month of September in Maine, and a call will be sent out as soon as advice are received here as to the results of the London meetings.

Wool Situation Unchanged

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Crop Pessimism Sends Cotton to High-Price Levels

October \$33 a Bale Above Figure Preceding Government's Latest Report

Pessimism over the crop outlook yesterday served as the lever by which prices on future contracts in the New York Cotton Exchange were lifted to new high levels for the season. October contracts sold 111 points above the closing figure on Thursday, and more than \$3 a bale higher than the price prevailing before the publication of the last government monthly report. It closed at 31.53 and the general list showed a net advance of 93 to 118 points.

Much covering by persons who had sold earlier in the week in the futile anticipation of a break in the Southwestern drought gave driving power to the upward movement. The continued absence of hedge selling, moreover, facilitated the rise. Reports indicated that the prospects were for clear weather in the section suffering from lack of rain, and the forecast was for dry weather and rising temperatures in the Eastern belt.

Buying From Foreign Sources

The market opened steady at unchanged prices to an advance of 13 points, and soon sold 25 to 43 points higher on buying, which seemed to come in part from foreign sources. Moderate reactions as a result of realizing followed, but the market became firmer and more active in the afternoon. The recent buying by trade interests seemed to have left comparatively few contracts around the ring, and stop orders were unobeyed on the advance which carried the active months about 100 to 111 points net higher.

The British Shipping Board has allocated ocean freight rates for about 160,000 bales for shipment during September, according to reports received at the ring. This compared with an allotment of 280,000 bales last year, but compared with more recent months it was considered encouraging. Exports for the day were 25,424 bales, making 1,041,012 so far this season, against 1,094,000 last year. Southern spot markets, as officially reported were unchanged to 1 cent higher with Memphis and the Southwestern markets relatively firm.

Week-End Statistics

The following week-end figures were made public by the Cotton Exchange: Last week, against 51,000, against 54,810 last year and for the season, 528, against 123,209 last year. General visible supply, 2,980,591, against 2,686,686 last year; visible supply, American, 1,697,000, against 1,776,058 last year; increase in general visible 26,941, against a decrease of 119,266 last year; spinners taking for the week, 118,000, against 170,000 last year, and for the season, 277,189, against 377,367 last year.

The following prices were quoted:

| Cash | Year's Previous Year |
|----------|----------------------|
| Contract | 34.50 |
| October | 31.53 |
| November | 30.95 |
| December | 30.82 |
| January | 30.74 |
| March | 30.74 |

Urges Stock Depositing

Head of Mailing Company Committee Makes Statement

More than 60 per cent of the preferred stock of the American Mailing Company has been deposited with the committee which a short time ago issued a call for deposits as part of a plan to liquidate the corporation. A supplementary notice has been sent to the shareholders urging immediate deposit of the undeposited stock. W. Forbes Morgan, chairman of the committee, in this circular said: "Any substantial delay in bringing about the liquidation of the company will be costly to the first preferred stockholders. Fixed charges and overhead of the American Mailing Company now constitute a constant drain daily upon the assets of the company, to which the preferred stockholders of the company are entitled upon liquidation."

French Gaining in Industrial Output

St. Etienne Manufacturers Report Increased Ribbon Production in 1917

Although a ruthless enemy has invaded France and been wreaking destruction upon its soil for four years the French people are showing their indomitable spirit in industry as well as in war. In many industrial lines production last year was greater than during the year before. Statistics by the St. Etienne Ribbon Manufacturers' Association for 1917 show an increased ribbon output over 1916. An unusual feature of the industry last year was the large increase in the production of elastic tissues and of articles made wholly of cotton, which include materials used for war purposes, such as heavy bands for machine gun cartridges.

The value of the production of silk and velvet ribbons and silk pieces in 1917 is estimated at 119,629,976 francs (\$2,088,585), an increase of 24,466 francs over the production of 1916. The value of the home consumption is given as 69,326,417 francs (\$1,137,998), in which is included the value of the production of manufactured goods outside of St. Etienne, amounting to about 2,830,000 francs (\$47,800,000). The direct exports of ribbons in 1917 were 60,303,559 francs (\$1,020,887), an increase of 6,476,764 francs (\$1,057,015).

French Felt Hat Industry

The manufacture of felt hats is an important industry in the Grenoble district of France, but the war has greatly restricted operations in this line owing to the lack of raw material. Hare and rabbit hair is largely used. Such large quantities of hair have been bought by Americans and shipped to the United States that a marked scarcity exists in France. The quantity and quality of the felt hats shipped from the Grenoble consulate to the United States during two years are as follows: In 1917, 3,898 dozens, valued at 492,081 francs (\$9,972); in 1916, 3,462 dozens, valued at 349,428 francs (\$5,847); a gain for 1917 of 436 dozens, valued at 142,653 francs (\$2,352).

To Stop Clearings Of General Motors Limited and Stock Exchange Acts

The Clearing House Committee of the Stock Exchange announced yesterday a decision to discontinue the clearings of General Motors common stock after to-day. The opinion of the committee was "that the common stock of the General Motors Corporation is not widely enough distributed to warrant its continuance on the list of stocks cleared."

In other quarters of the financial district the view was held that the action of the exchange clearing house body was intended as a disciplinary measure directed toward certain interests who appear to have control of the floating supply of the common stock, which has been estimated by the clearing house at a total outstanding of \$25,000 shares. In these circles it was contended that the ruling would have the effect of lessening speculation in the stock.

General Motors common in some of its recent active days has shown fluctuations of more than 10 points. The manner in which the stock has advanced after a period of decline has caused the impression that it has been the result of a "running in of the shorts." The opinion has been more or less verified by the large premium on shares loaned. On one occasion this premium has been as high as 1 1/2 per cent, which means that for letting 100 shares of stock overnight the owner would receive \$150.

Of a total of 580 stocks listed on the exchange, figures made public yesterday showed that only 125 go through the clearing house. In other words the big majority are delivered direct from one brokerage house to another, which practice applies entirely to bonds.

War Orders Rule All Lines of Trade

Steady Curtailment in Less Essential Industries Is Seen Daily

Every line of trade is dominated by war orders and supplies for ordinary purposes are greatly curtailed. "Bradstreet's" states. Wholesale trade reports testify to a good demand being the rule, although there are exceptions in the Southwest, where drought has hurt cotton and corn in some districts. Past drafts and the prospects that millions of additional workers will be taken for the army have caused a serious situation as to the labor supply. "Every day sees war needs and capacities expanded and so-called less essential industries curtailed as to fuel, labor supply and materials, and the processes of bringing the country closer to a war basis contain many problems. The iron and steel trades show, if anything increased tension in demand, but fuel needs are more acute, and pig iron makers hesitate to accept engagements for 1919 pending clearer views of government needs, which expand steadily, especially for steel for shipbuilding and for direct war purposes."

"Ordinary building still lags and serious effects have arisen from the government monopolizing materials for its 1917, discloses gross revenue of \$6,006,138, which compares with \$5,764,764 for the preceding year. Interest received amounted to \$198,560, bringing the total income for the year to \$6,204,698, against \$6,019,473 for the year before. After administration expenses, interest, etc., of \$87,144, surplus was \$5,266,518, compared with \$5,674,442 for the previous year. Preferred dividends paid during the period totalled \$600,000, the same amount as the year before. Balance was \$4,666,518, which is the equivalent to \$4.38 per share on \$106,471,800 common stock, against \$5,074,642, or equal to \$4.76 per share earned last year. Common dividends were \$314,134, leaving a surplus of \$3,352,382.

McCrory Stores Corporation.—Sales

for July totalled \$793,632, compared with \$567,877 for the corresponding month of last year, an increase of \$225,755. The seven months gross sales amounted to \$4,855,659, against \$3,925,288, an increase of \$930,371.

Union Natural Gas Corporation.—Gross earnings of the corporation and its subsidiary companies for the first six months of the current year amounted to \$4,356,601, compared with \$4,288,474 for the corresponding period of the preceding year. After operating expenses of \$2,787,767, gross income totalled \$1,568,834, which compares with \$2,361,127 for the corresponding period of the preceding year. Interest charges of \$129,613, against \$137,356 for the six months ended June 30, 1917. Dividends paid during the period were \$492,000, a decrease of \$4,000 from the amount paid during the same months of the previous year. Profit and loss credit adjustment was \$15,875, leaving a net surplus of \$93